

# **Merit Medical Denmark A/S**

Alhambravej 3

1826 Frederiksberg C

CVR No. 30076478

## **Annual Report 2018**

12. financial year

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 13 June 2019

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Fred Peter Lampropoulos  
Chairman

## Merit Medical Denmark A/S

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**Merit Medical Denmark A/S**

## **Management's Statement**

Today, Management has considered and adopted the Annual Report of Merit Medical Denmark A/S for the financial year 1 January 2018 - 31 December 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2018 and of the results of the Company's operations for the financial year 1 January 2018 - 31 December 2018.

In our opinion, the Management's Review includes a true and fair account of the matters addressed in the review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Frederiksberg, 13 June 2019

### **Executive Board**

Mark Valentine Butler

### **Supervisory Board**

Fred Peter Lampropoulos  
Chairman

Brian Glen Lloyd

Mark Valentine Butler

## Independent Auditor's Report

### To the shareholders of Merit Medical Denmark A/S

#### Opinion

We have audited the financial statements of Merit Medical Denmark A/S for the financial year 1 January 2018 - 31 December 2018, which comprise an income statement, balance sheet and notes. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of its operations for the financial year 1 January 2018 - 31 December 2018 in accordance with the Danish Financial Statements Act.

#### Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibility under those standards and requirements are further described in our auditors' report under "Auditors' responsibility for the audit of the financial statements". As required by the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, we are independent of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management considers necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern; disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting in preparing the financial statements unless Management either intends to either liquidate the Company or suspend operations, or has no realistic alternative but to do so.

#### The auditor's responsibility for the audit of the financial statements

Our responsibility is to obtain reasonable assurance as to whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is no guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect material misstatements. Misstatements can arise from fraud or error and can be considered material if it would be reasonable to expect that these - either individually or collectively - could influence the economic decisions taken by the users of financial statements on the basis of these financial statements.

As part of an audit conducted in accordance with ISAs and additional requirements applicable in Denmark, we exercise professional judgement and maintain an attitude of professional skepticism throughout the audit. We also:

- \* Identify and assess the risk of material misstatements in the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for a material misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or override of internal control.
- \* Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

## Independent Auditor's Report

- \* Evaluate whether the accounting policies used are appropriate and whether the accounting estimates and the related disclosures made by Management are reasonable.
- \* Conclude on whether Management's use of the going concern basis of accounting in preparing the financial statements is appropriate and, based on the audit evidence obtained, conclude on whether a material uncertainty exists relating to events or conditions, which could cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may imply that the Company can no longer remain a going concern.
- \* Evaluate the overall presentation, structure and contents of the financial statements, including note disclosures, and whether the financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control which we identify during our audit.

### Statement on Management's Review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of opinion providing assurance regarding the Management's review.

Our responsibility in connection with our audit of the financial statements is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or with the knowledge we have gained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review meets the disclosure requirements in the Danish Financial Statements Act.

Based on our procedures, we are of the opinion that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements in the Danish Financial Statements Act. In our opinion, the Management's review is not materially misstated.

Copenhagen, 13 June 2019

### Deloitte Statsautoriseret Revisionspartnerselskab

CVR-no. 33963556

Flemming Larsen  
State Authorised Public Accountant  
mne27790

## Merit Medical Denmark A/S

### Company details

<b>Company</b>	Merit Medical Denmark A/S Alhambravej 3 1826 Frederiksberg C
CVR No.	30076478
Date of formation	1 December 2006
Registered office	Frederiksberg
Financial year	1 January 2018 - 31 December 2018
<b>Supervisory Board</b>	Fred Peter Lampropoulos Brian Glen Lloyd Mark Valentine Butler
<b>Executive Board</b>	Mark Valentine Butler
<b>Auditors</b>	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 København S CVR-no.: 33963556

## Management's Review

### **The Company's principal activities**

The Company's principal activities consist in sale and distribution of medical equipment to hospitals and other treatment centres.

### **Development in activities and financial matters**

The Company's Income Statement of the financial year 1 January 2018 - 31 December 2018 shows a result of DKK 531.806 and the Balance Sheet at 31 December 2018 a balance sheet total of DKK 4.617.614 and an equity of DKK 3.179.542.

### **Post financial year events**

After the end of the financial year, no events have occurred which may change the financial position of the entity substantially.

### **Expectations for the future**

The Company expects its operations to develop positively next year.

## **Accounting Policies**

### **Reporting Class**

The Annual Report of Merit Medical Denmark A/S for 2018 has been presented in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, including addition of certain provisions from reporting class C.

The accounting policies applied remain unchanged from last year.

### **Reporting currency**

The Annual Report is presented in Danish kroner (DKK).

### **Translation policies**

Transactions in foreign currencies are translated into DKK at the exchange rate prevailing at the date of transaction. Monetary assets and liabilities in foreign currencies are translated into DKK based on the exchange rates prevailing at the balance sheet day. Realised and unrealised foreign exchange gains and losses are included in the Income Statement under Financial Income and Expenses.

## **General Information**

### **Basis of recognition and measurement**

The financial statements have been prepared under the historical cost principle.

Income is recognised in the Income Statement as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the Income Statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the Income Statement.

Assets are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will accrue to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the Balance Sheet when it is probable that future economic benefits attributable to the asset will flow out of the Company, and the value of the liability can be measured reliably.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the term. Amortised cost is calculated as original cost less repayments and with the addition/deduction of the accumulated amortisation of the difference between the cost and the nominal amount. This way, exchange losses and gains are allocated over the term.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the Annual Report, i.e. losses and risks which prove or disprove matters which exist at the balance sheet date.

## **Income Statement**

### **Revenue**

Revenue is recognised in the income statement if the goods have been delivered and the risk has passed to the buyer before year-end and if the revenue can be reliably calculated and expected to be received. Revenue is recognised exclusive of VAT and net of sales discounts.



## Accounting Policies

### Other external expenses

Other external costs include costs for sales, advertising, administration, premises and operating leasing etc.

### Amortisation and impairment of tangible and intangible assets

Amortisation and impairment of intangible and tangible assets has been performed based on a continuing assessment of the useful life of the assets in the Company. Non-current assets are amortised on a straight line basis, based on cost, on the basis of the following assessment of useful life and residual values:

	<b>Useful life</b>
Other fixtures and fittings, tools and equipment	3-5 years

Profit or loss resulting from the sale of intangible or tangible assets is determined as the difference between the selling price less selling costs and the carrying amount at the date of sale, and is recognised in the Income Statement under other operating income or expenses.

### Financial income and expenses

Financial income and expenses are recognised in the Income Statement based on the amounts that concern the financial year. Financial income and expenses include interest income and expenses and realised and unrealised capital gains and losses regarding transactions in foreign currencies.

### Tax on net profit for the year

Tax on net profit for the year comprises current tax on expected taxable income of the year and the year's adjustment of deferred tax less the part of the tax of the year that relates to changes in equity. Current and deferred tax regarding changes in equity is recognised directly in equity.

## Balance Sheet

### Tangible assets

Tangible assets are measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciable amount is calculated taking into consideration the residual value of the asset at the end of its useful life, reduced by impairment losses, if any. The depreciation period and the residual value are determined at the date of acquisition. If the residual value exceeds the carrying amount of the asset, depreciation is discontinued.

In case of changes in depreciation period or residual value, the effect of a change in depreciation period is recognised prospectively in accounting estimates.

Cost includes the purchase price and expenses directly related to the acquisition until the time when the asset is ready for use.

### Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is reduced by write-downs for expected bad debts.

Impairment of accounts receivables past due is established on individual assessment of receivables.

### Accrued income, assets

Accrued income recognised in assets comprises prepaid costs regarding subsequent financial years.

### Current tax liabilities

Current tax liabilities and current tax receivables are recognised in the Balance Sheet as calculated tax on the expected taxable income for the year, adjusted for tax on taxable income for previous years as well as for tax prepaid.

## **Accounting Policies**

### **Liabilities**

Other liabilities are measured at amortised cost, which usually corresponds to the nominal value.

### **Accruals and deferred income, liabilities**

Accruals and deferred income entered as liabilities consist of payments received regarding income in the subsequent financial years.

### **Contingent assets and liabilities**

Contingent assets and liabilities are not recognised in the Balance Sheet but appear only in the notes.

**Income Statement**

	Note	2018 kr.	2017 kr.
Revenue		6.342.540	5.174.440
Other external expenses		-1.702.018	-1.950.861
<b>Gross result</b>		<b>4.640.522</b>	<b>3.223.579</b>
Employee benefits expense	1	-4.050.246	-2.747.612
Depreciation, amortisation expense and impairment losses of property, plant and equipment		-10.838	-3.616
<b>Profit from ordinary operating activities</b>		<b>579.438</b>	<b>472.351</b>
Other finance income from group enterprises		20.052	15.383
Other finance income	2	114.486	105.972
Finance expences	3	-2.845	-1.947
<b>Profit from ordinary activities before tax</b>		<b>711.131</b>	<b>591.759</b>
Tax expense on ordinary activities	4	-179.325	-140.312
<b>Profit</b>		<b>531.806</b>	<b>451.447</b>
 <b>Proposed distribution of results</b>			
Retained earnings		531.806	451.447
<b>Distribution of profit</b>		<b>531.806</b>	<b>451.447</b>

Merit Medical Denmark A/S

Balance Sheet as of 31 December

	Note	2018 kr.	2017 kr.
<b>Assets</b>			
Fixtures, fittings, tools and equipment	5	<u>19.648</u>	<u>13.414</u>
<b>Property, plant and equipment</b>		<b><u>19.648</u></b>	<b><u>13.414</u></b>
<b>Fixed assets</b>		<b><u>19.648</u></b>	<b><u>13.414</u></b>
Short-term receivables from group enterprises		3.474.511	2.208.877
Other short-term receivables		94.386	130.928
Prepaid expenses		<u>50.811</u>	<u>91.997</u>
<b>Receivables</b>		<b><u>3.619.708</u></b>	<b><u>2.431.802</u></b>
<b>Cash and cash equivalents</b>		<b><u>978.258</u></b>	<b><u>1.176.797</u></b>
<b>Current assets</b>		<b><u>4.597.966</u></b>	<b><u>3.608.599</u></b>
<b>Assets</b>		<b><u>4.617.614</u></b>	<b><u>3.622.013</u></b>

**Balance Sheet as of 31 December**

	Note	2018 kr.	2017 kr.
<b>Liabilities and equity</b>			
Contributed capital		500.000	500.000
Retained earnings		2.679.542	2.147.736
<b>Equity</b>	6	<b>3.179.542</b>	<b>2.647.736</b>
Trade payables		207.833	195.974
Tax payables		127.169	107.178
Other payables		1.103.070	671.125
<b>Short-term liabilities other than provisions</b>		<b>1.438.072</b>	<b>974.277</b>
<b>Liabilities other than provisions within the business</b>		<b>1.438.072</b>	<b>974.277</b>
<b>Liabilities and equity</b>		<b>4.617.614</b>	<b>3.622.013</b>
Contingent liabilities	7		
Collaterals and assets pledged as security	8		
Ownership	9		
Liabilities under off-balance sheet leases	10		
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Notes

**1. Employee benefits expense**

	<b>2018</b>	<b>2017</b>
Wages and salaries	3.862.112	2.600.144
Post-employment benefit expense	123.472	78.075
Social security contributions	20.947	9.466
Other employee expense	43.715	59.927
	<b>4.050.246</b>	<b>2.747.612</b>

Average number of employees	4	3
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**2. Finance income**

Other finance income	114.486	105.972
	<b>114.486</b>	<b>105.972</b>

**3. Finance expenses**

Other finance expenses	2.845	1.947
	<b>2.845</b>	<b>1.947</b>

**4. Tax expense**

Taxation	179.169	147.346
Adjustment to prior years	156	-7.034
	<b>179.325</b>	<b>140.312</b>

**5. Fixtures, fittings, tools and equipment**

Cost at the beginning of the year	45.940	33.041
Addition during the year, incl. improvements	17.072	10.772
Disposal during the year	-10.818	-16.732
Transfers during the year to other items	0	18.859
<b>Cost at the end of the year</b>	<b>52.194</b>	<b>45.940</b>

Depreciation and amortisation at the beginning of the year	-32.526	-30.323
Amortisation for the year	-10.838	-18.935
Reversal of prior years' impairment losses and amortisation	10.818	16.732
<b>Impairment losses and amortisation at the end of the year</b>	<b>-32.546</b>	<b>-32.526</b>

<b>Carrying amount at the end of the year</b>	<b>19.648</b>	<b>13.414</b>
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## Notes

### 6. Statement of changes in equity

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Proposed dividend</u>	<u>Total</u>
Equity, beginning balance	500.000	2.147.736	0	2.647.736
Proposed distribution of results	0	531.806	0	531.806
	<u>500.000</u>	<u>2.679.542</u>	<u>0</u>	<u>3.179.542</u>

The share capital has remained unchanged for the last 5 years.

### 7. Contingent liabilities

No contingent liabilities exist at the balance sheet date.

### 8. Collaterals and securities

No securities or mortgages exist at the balance sheet date.

### 9. Ownership

Related parties with a controlling interest in Merit Medical Denmark A/S:

\* The Parent Company - Merit Holdings Inc, 1600 West Merit Parkway, South Jordan Utah 84095 USA.

### 10. Liabilities under leases

Operating lease contracts on cars have been concluded until January, 2019

Annual lease payments amounts to DKK 79,800 (2017: 79,800) and the total liability at the balance sheet date amounts to DKK 6,650 (2017: 86,450)

### 11. Related parties

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for normal intercompany transactions carried out on market conditions.

### 12. Consolidation

Merit Medical Denmark A/S is included in the consolidated financial statements of Merit Medical Holding's Inc, Horsterweg 24, NL-1999 AC Maastricht Airport, Maastricht, The Netherlands, from which copies of the consolidated financial statements may be obtained.